

# Exhibit 1

## RE: IDR-7

---

**From:** Tina Liu <tina.liu@prinstonpharm.com>  
**To:** "Horne, Matthew" <matthorne@deloitte.com>  
**Cc:** "Yang, Lynn" <lyang@deloitte.com>, Jun Du <jun.du@prinstonpharm.com>  
**Date:** Sat, 12 Oct 2019 16:12:44 +0000  
**Attachments :** 华海药业组织架构 (部门和子公司 2016 R1) - English2.pptx (51.74 kB); Huahai Org chart (2016).docx (216.76 kB)

Hi Matt,

Attached please Huahai Org chart for question1, I also added one more note into the chart for question 2, there are two department under finished dosage facility to work with Prinston and Prinbury R&D to do scale up, tech transfer receiving, quality control analytical research and development related to U.S product.

Please review and let us know if you have any comments.

I will send IDR 8 this afternoon.

Thank you,

Tina Liu

---

**From:** Horne, Matthew <[matthorne@deloitte.com](mailto:matthorne@deloitte.com)>  
**Sent:** Friday, October 11, 2019 12:49 PM  
**To:** Tina Liu <[tina.liu@prinstonpharm.com](mailto:tina.liu@prinstonpharm.com)>  
**Cc:** Yang, Lynn <[lyang@deloitte.com](mailto:lyang@deloitte.com)>  
**Subject:** RE: IDR-7

Hi Tina,

Much appreciated. I'll be working over the weekend, so I will keep an eye out for the final version, but this is looking good.

Best,

**Matthew Horne, Ph.D.**  
Deloitte Tax LLP  
Tel/Direct: +1 404 942 6825 | Mobile: +1 470 303 4648  
[www.deloitte.com](http://www.deloitte.com)

---

**From:** Tina Liu <[tina.liu@prinstonpharm.com](mailto:tina.liu@prinstonpharm.com)>  
**Sent:** Friday, October 11, 2019 12:38 PM  
**To:** Horne, Matthew <[matthorne@deloitte.com](mailto:matthorne@deloitte.com)>  
**Cc:** Yang, Lynn <[lyang@deloitte.com](mailto:lyang@deloitte.com)>  
**Subject:** [EXT] RE: IDR-7

Hi Matt,

Per we phone conversation, ZJHH does not have any oversea subsidiary or division back in 2016.

Attached please find revised the chart for updating sales section, however, one sales company is still missing. This company is for finished dosage sale in China Market. I expect to receive the chart to include all the subsidiaries or divisions to answer question 1 by tomorrow morning.

Thanks,

Tina Liu

---

**From:** Horne, Matthew <[matthorne@deloitte.com](mailto:matthorne@deloitte.com)>  
**Sent:** Friday, October 11, 2019 9:15 AM  
**To:** Tina Liu <[tina.liu@prinstonpharm.com](mailto:tina.liu@prinstonpharm.com)>  
**Cc:** Yang, Lynn <[lyang@deloitte.com](mailto:lyang@deloitte.com)>  
**Subject:** RE: IDR-7

Hi Tina,

I reviewed this with Lynn, and we think this is good for question #2. That said, we think there are a few gaps/points to confirm for question #1. The chart does a really good job of showing the business units relevant to the US market, as well as those sitting in China; however, question #1 wants to understand the group's worldwide operations, so we wanted to check if the group have any R&D, registration, manufacturing, or sales entities (either legal entities or branches) outside of China or the US. The one that jumps out to us the most is Sales, where the chart only shows China's API sales division. We understand that the group does sell API/finished dosage products outside of China or the US, and we assume that there are separate legal entities in Europe or elsewhere in Asia that perform these sales functions.

Could you provide the names of any legal entities outside of the US or China, indicate what business unit they are associated with (e.g., sales, R&D, etc.), and provide what country they are based in? No need to include any headcount information, who the decision maker is for the country, or any details on what they do besides just providing their business unit.

Let us know if this is doable. I think this additional information plus what you have already provided is sufficient for IDR 7. Feel free to call me to discuss.

Thanks,

**Matthew Horne, Ph.D.**  
Deloitte Tax LLP

Tel/Direct: +1 404 942 6825 | Mobile: +1 470 303 4648  
[www.deloitte.com](http://www.deloitte.com)

---

**From:** Tina Liu <[tina.liu@prinstonpharm.com](mailto:tina.liu@prinstonpharm.com)>  
**Sent:** Thursday, October 10, 2019 7:16 PM  
**To:** Horne, Matthew <[matthorne@deloitte.com](mailto:matthorne@deloitte.com)>  
**Cc:** Yang, Lynn <[lyang@deloitte.com](mailto:lyang@deloitte.com)>  
**Subject:** [EXT] RE: IDR-7

Matt,

Attached is the English version, it is a little mass. I will request other entities information not listed on the chart from China tonight

Thank you,

Tina

---

**From:** Tina Liu <[tina.liu@prinstonpharm.com](mailto:tina.liu@prinstonpharm.com)>  
**Sent:** Thursday, October 10, 2019 2:05 PM  
**To:** 'Horne, Matthew' <[matthorne@deloitte.com](mailto:matthorne@deloitte.com)>  
**Cc:** 'Yang, Lynn' <[lyang@deloitte.com](mailto:lyang@deloitte.com)>  
**Subject:** RE: IDR-7

Hi Matt and Lynn,

Attached is the organization I received from China, Sorry Matt it is still is Chinese, I will do the translate, but I want to discuss with you first before I start.

Talk to you soon.

Thanks,

Tina Liu

---

**From:** Tina Liu <[tina.liu@prinstonpharm.com](mailto:tina.liu@prinstonpharm.com)>  
**Sent:** Thursday, October 10, 2019 12:01 PM  
**To:** 'Horne, Matthew' <[matthorne@deloitte.com](mailto:matthorne@deloitte.com)>  
**Cc:** 'Yang, Lynn' <[lyang@deloitte.com](mailto:lyang@deloitte.com)>  
**Subject:** RE: IDR-7

Hi Matt and Lynn,

I received the information for IDR-7 and would like to discuss with your team. Can you let me your availability this afternoon. Sorry, for the short notice, we have to discuss this today. I am ok from 2pm to 8pm today.

Let me know.

Thank you,

Tina Liu

---

**From:** Horne, Matthew <[matthorne@deloitte.com](mailto:matthorne@deloitte.com)>

**Sent:** Thursday, October 10, 2019 9:50 AM

**To:** Tina Liu <[tina.liu@prinstonpharm.com](mailto:tina.liu@prinstonpharm.com)>

**Cc:** Yang, Lynn <[lyang@deloitte.com](mailto:lyang@deloitte.com)>; Jun Du <[jun.du@prinstonpharm.com](mailto:jun.du@prinstonpharm.com)>

**Subject:** RE: [WARNING: MESSAGE ENCRYPTED] [WARNING: MESSAGE ENCRYPTED]FW: Princeton Pharmaceutical Inc. - Taxpayer Response to TPP-14

Hi Tina,

This makes sense to me. I'll chat with Lynn about this, but my impression is that we have everything for TPP-11.

Best,

**Matthew Horne, Ph.D.**

Deloitte Tax LLP

Tel/Direct: +1 404 942 6825 | Mobile: +1 470 303 4648

[www.deloitte.com](http://www.deloitte.com)

---

**From:** Tina Liu <[tina.liu@prinstonpharm.com](mailto:tina.liu@prinstonpharm.com)>

**Sent:** Thursday, October 10, 2019 9:06 AM

**To:** Horne, Matthew <[matthorne@deloitte.com](mailto:matthorne@deloitte.com)>

**Cc:** Yang, Lynn <[lyang@deloitte.com](mailto:lyang@deloitte.com)>; Jun Du <[jun.du@prinstonpharm.com](mailto:jun.du@prinstonpharm.com)>

**Subject:** [EXT] RE: [WARNING: MESSAGE ENCRYPTED] [WARNING: MESSAGE ENCRYPTED]FW: Princeton Pharmaceutical Inc. - Taxpayer Response to TPP-14

Matt,

Please see below my comments and let me know if want to discuss.

---

**From:** Horne, Matthew <[matthorne@deloitte.com](mailto:matthorne@deloitte.com)>

**Sent:** Thursday, October 10, 2019 7:28 AM

**To:** Tina Liu <[tina.liu@prinstonpharm.com](mailto:tina.liu@prinstonpharm.com)>

**Cc:** Yang, Lynn <[lyang@deloitte.com](mailto:lyang@deloitte.com)>; Jun Du <[jun.du@prinstonpharm.com](mailto:jun.du@prinstonpharm.com)>

**Subject:** RE: [WARNING: MESSAGE ENCRYPTED] [WARNING: MESSAGE ENCRYPTED]FW: Princeton Pharmaceutical Inc. - Taxpayer Response to TPP-14

Hi Tina,

I reviewed the file. A few comments/questions:

- I understand that you don't have Hai Wang's payroll info for 2012. Would it be reasonable to assume the same compensation in 2012 as 2013? (Maybe use 90% of 2013 is more reasonable)
- For Hai Wang, you indicate 30% of time spent on marketing, but in the Excel formula, you scale by 20%. Could you clarify which one is correct? (My mistake, should be 30%)
- I will talk with Lynn if we think this is necessary, but I also calculated overhead on Princeton's P&L (e.g., office expense, rent, insurance, travel expense, etc.), and allocated it to the marketing personnel pro rata by gross payroll. This is similar to what we did during the 2015 audit when David Libow requested R&D personnel expense. (I am with the allocation, however, for 2015, professional fee included legal and FDA expense that was classified as R&D expense, so this should not be counted as overhead expenses)

Best,

**Matthew Horne, Ph.D.**  
Deloitte Tax LLP

Tel/Direct: +1 404 942 6825 | Mobile: +1 470 303 4648

[www.deloitte.com](http://www.deloitte.com)

---

**From:** Tina Liu <[tina.liu@prinstonpharm.com](mailto:tina.liu@prinstonpharm.com)>

**Sent:** Wednesday, October 9, 2019 8:53 PM

**To:** Horne, Matthew <[matthorne@deloitte.com](mailto:matthorne@deloitte.com)>

**Cc:** Yang, Lynn <[lyang@deloitte.com](mailto:lyang@deloitte.com)>; Jun Du <[jun.du@prinstonpharm.com](mailto:jun.du@prinstonpharm.com)>

**Subject:** [EXT] RE: [WARNING: MESSAGE ENCRYPTED]FW: Princeton Pharmaceutical Inc. - Taxpayer Response to TPP-14

Hi Matt,

Per confirm with two people with their % of time working on marketing. I added the personnel related expense, however, for Hai Wang, our payroll service provider -ADP did not keep 2012 data, so I do not have that information.

Please let me know if you have any concern or questions,

Thank you,

Tina Liu

---

**From:** Horne, Matthew <[matthorne@deloitte.com](mailto:matthorne@deloitte.com)>  
**Sent:** Tuesday, October 8, 2019 7:52 PM  
**To:** Tina Liu <[tina.liu@prinstonpharm.com](mailto:tina.liu@prinstonpharm.com)>  
**Cc:** Yang, Lynn <[lyang@deloitte.com](mailto:lyang@deloitte.com)>  
**Subject:** RE: [WARNING: MESSAGE ENCRYPTED]FW: Prinston Pharmaceutical Inc. - Taxpayer Response to TPP-14

Hi Tina,

Thanks for this. I am looking back over TPP-11, and I noticed the IRS says "other marketing expenses (including personnel related expenses)", so I think we need to confirm whether there is anything in Prinston's payroll expenses that is associated with marketing.

For example, we mention Hai Wang (Prinston's SVP of Business Development and Marketing) in the response to TPP-14. I think the IRS could argue that their expense should be included in how we respond to Question 1 in TPP-11 (and any other marketing personnel).

Feel free to call me tomorrow morning if you want to discuss.

Best,

**Matthew Horne, Ph.D.**  
Deloitte Tax LLP  
Tel/Direct: +1 404 942 6825 | Mobile: +1 470 303 4648  
[www.deloitte.com](http://www.deloitte.com)

---

**From:** Tina Liu <[tina.liu@prinstonpharm.com](mailto:tina.liu@prinstonpharm.com)>  
**Sent:** Tuesday, October 8, 2019 3:55 PM  
**To:** Horne, Matthew <[matthorne@deloitte.com](mailto:matthorne@deloitte.com)>  
**Cc:** Yang, Lynn <[lyang@deloitte.com](mailto:lyang@deloitte.com)>  
**Subject:** [EXT] RE: [WARNING: MESSAGE ENCRYPTED]FW: Prinston Pharmaceutical Inc. - Taxpayer Response to TPP-14

Hi Matt,

Attached is the summary of market expense, as I checked out the detail of market expense, see attached tab 2, we did not breakdown the expense based on product level.

Also, I will confirm with ZJHH tonight if they had any market expenses in their book is related to US market.

Let us know if you have any questions,

Thank you,

Tina Liu

---

**From:** Horne, Matthew <[matthorne@deloitte.com](mailto:matthorne@deloitte.com)>  
**Sent:** Tuesday, October 8, 2019 3:25 PM  
**To:** Tina Liu <[tina.liu@prinstonpharm.com](mailto:tina.liu@prinstonpharm.com)>  
**Cc:** Yang, Lynn <[lyang@deloitte.com](mailto:lyang@deloitte.com)>  
**Subject:** RE: [WARNING: MESSAGE ENCRYPTED]FW: Prinston Pharmaceutical Inc. - Taxpayer Response to TPP-14

Prinston and Solco consolidated is fine.

**Matthew Horne, Ph.D.**  
Deloitte Tax LLP  
Tel/Direct: +1 404 942 6825 | Mobile: +1 470 303 4648  
[www.deloitte.com](http://www.deloitte.com)

---

**From:** Tina Liu <[tina.liu@prinstonpharm.com](mailto:tina.liu@prinstonpharm.com)>  
**Sent:** Tuesday, October 8, 2019 3:18 PM  
**To:** Horne, Matthew <[matthorne@deloitte.com](mailto:matthorne@deloitte.com)>  
**Cc:** Yang, Lynn <[lyang@deloitte.com](mailto:lyang@deloitte.com)>  
**Subject:** [EXT] RE: [WARNING: MESSAGE ENCRYPTED]FW: Prinston Pharmaceutical Inc. - Taxpayer Response to TPP-14

Hi Matt, I have a quick question for IDR-11, while I am preparing the schedule, do I need to break down the market expense by Prinston and Solco, or I can put consolidated numbers.

Thanks,

Tina

---

**From:** Horne, Matthew <[matthorne@deloitte.com](mailto:matthorne@deloitte.com)>  
**Sent:** Tuesday, October 8, 2019 2:53 PM  
**To:** Tina Liu <[tina.liu@prinstonpharm.com](mailto:tina.liu@prinstonpharm.com)>  
**Cc:** Yang, Lynn <[lyang@deloitte.com](mailto:lyang@deloitte.com)>  
**Subject:** [WARNING: MESSAGE ENCRYPTED]FW: Prinston Pharmaceutical Inc. - Taxpayer Response to TPP-14

Hi Tina,

See below for confirmation that we sent TPP-14 to the IRS.

Best,

**Matthew Horne, Ph.D.**  
Deloitte Tax LLP  
Tel/Direct: +1 404 942 6825 | Mobile: +1 470 303 4648  
[www.deloitte.com](http://www.deloitte.com)

---

**From:** Horne, Matthew  
**Sent:** Tuesday, October 8, 2019 2:52 PM  
**To:** Pica Gennaro <[Pica@irs.gov](mailto:Pica@irs.gov)>  
**Cc:** Yang, Lynn <[lyang@deloitte.com](mailto:lyang@deloitte.com)>; Peterson, Kimberley Jean <[kimpeterson@deloitte.com](mailto:kimpeterson@deloitte.com)>; Jiang, Nan <[nanjiang@deloitte.com](mailto:nanjiang@deloitte.com)>; Diquattro Mark J <[Mark.J.Diquattro@irs.gov](mailto:Mark.J.Diquattro@irs.gov)>; paul.m.jaslar@IRS.gov; Macedo Marcelo D <[Marcelo.D.Macedo@irs.gov](mailto:Marcelo.D.Macedo@irs.gov)>  
**Subject:** Prinston Pharmaceutical Inc. - Taxpayer Response to TPP-14

Hi Gennaro,

Please find attached Prinston Pharmaceutical Inc.'s (the "Taxpayer's") response to the information document request TPP-14. We will respond in a separate email with the password to open the response and the associated Exhibits.

As mentioned last week, the Taxpayer still plans on responding to TPP-15 by Friday October 11<sup>th</sup>.

Thank you and kind regards,

**Matthew Horne, Ph.D.**

Manager | Global Transfer Pricing  
Deloitte Tax, LLP  
191 Peachtree St Ste 2000, Atlanta, GA, 30303-1749  
Tel/Direct: +1 404 942 6825 | Mobile: +1 470 303 4648  
[matthorne@deloitte.com](mailto:matthorne@deloitte.com)

\*\*\*\*\*Any tax advice included in this communication may not contain a full description of all relevant facts or a complete analysis of all relevant tax issues or authorities. This communication is solely for the intended recipient's benefit and may not be relied upon by any other person or entity. \*\*\*\*\*

This message (including any attachments)contains confidential information intended for a specific individual and purpose, and is protected by law. If you are not the intended recipient, you should delete this message and any disclosure, copying, or distribution of this message, or the taking of any action based on it, by you is strictly prohibited.

Deloitte refers to a Deloitte member firm, one of its related entities, or Deloitte Touche Tohmatsu Limited ("DTTL"). Each Deloitte member firm is a separate legal entity and a member of DTTL. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

v.T.1